

## **TENNESSEE STATE FUNDING BOARD**

**March 28, 2022**

The Tennessee State Funding Board (the "Board") met on Monday, March 28, 2022, at 2:00 p.m., in the Executive Conference Room, State Capitol Building, Ground Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State  
The Honorable David Lillard, State Treasurer  
Commissioner Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on February 23, 2022, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Eley seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. William Wood, Financial Analyst, Tennessee Comptroller of the Treasury, who presented the staff analysis of "An Economic Report to the Governor of the State of Tennessee" (the "Economic report"). Mr. Wood stated that pursuant to state law, Tennessee Code Annotated Section 9-4-5202, the Board's staff is directed to comment on the reasonableness of the estimates concerning the rate of growth of Tennessee's economy from the Tennessee econometric model published by the University of Tennessee's Boyd Center for Business and Economic Research ("CBER") in its annual Economic Report. Mr. Wood stated that this analysis was accomplished by comparing the forecast in the Economic Report with forecasts from other governmental and non-governmental organizations. Mr. Wood then reported that based upon the review, the Economic Report's forecasted estimates of nominal personal income growth of 2.60% in fiscal year 2022, 2.13% in calendar year 2022, and 5.19% in calendar year 2023, did not appear to be unreasonable.

Mr. Mumpower stated that upon receiving the report, that the Board shall make comments relating to the reasonableness of the estimate, including any different estimate the Board deems necessary. Mr. Mumpower then stated that he believed the estimates to be reasonable. Mr. Mumpower then stated that the Board shall also enclose a list identifying state tax and non-tax revenues sources (the "list"), approved by the Attorney General. Mr. Mumpower further stated that the list was included in the Board members' packets. No further action was necessary.

Mr. Mumpower then recognized Ms. Betsy Knotts, Director of the Division of Local Government Finance ("LGF") to present revisions to the Report on Debt Obligation – Form CT-0253 (the "Report") for consideration and approval. Ms. Knotts stated that most of the changes to the Report were in form rather than substance. Ms. Knotts further stated that the Report was being converted from a pdf format to an online form. Ms. Knotts then stated that the only substantive proposed revision was to remove section sixteen (16) which required information about an entity's written derivative policy. Ms. Knotts further stated that LGF must report on derivative compliance and requests for those approvals must include copies of relevant

derivative policies, making further reporting on the policy redundant. Mr. Mumpower then asked Ms. Knotts to summarize the purpose of the Report in layman terms for the public. Ms. Knotts responded that the purpose was truth in lending transparency. Ms. Knotts further responded that the Report is filed with any type of debt transaction by a public entity and that the Report is the state's equivalent to filing an IRS Form 8038-G or posting to the Electronic Municipal Market Access (EMMA) website. Mr. Hargett made a motion to approve the staff recommended revisions. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Knotts to present the Annual Report on Outstanding Debt for Industrial Development Boards ("IDBs") for fiscal year 2021. Ms. Knotts stated that LGF had received submissions from 163 IDBs, up from 107 from the fiscal year 2020 annual report and 99 from the 2019 annual report. Ms. Knotts further stated that there were 23 non-responsive IDBs, and that LGF would continue to reach out to those entities. Ms. Knotts then stated that there tended to be a high employee turnover rate at IDBs, if they have staff at all, which made it difficult to locate a primary contact. Ms. Knotts then stated that the data was helpful to state auditors in determining which IDBs were issuing debt to ensure they were audited. The Board acknowledged the report. No further action was necessary.

After Mr. Mumpower requested other business and heard none, Mr. Hargett made a motion to adjourn the meeting, and Mr. Eley seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this 26<sup>th</sup> day of April 2022.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is fluid and cursive, with the first name "Sandra" and last name "Thompson" clearly distinguishable.

Sandra Thompson  
Assistant Secretary